

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 059892

12

ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01 OES-03 ERDA-05

/066 R

DRAFTED BY XMB:RJALBRIGHT

APPROVED BY EB/IFD/ODF RANDOLPH A.SWART

XMB:DOBEIM

EUR/EE R.CHRISTENSEN(INFL)

----- 101414

R 120043Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

LIMITED OFFICIAL USE STATE 059892

E.O. 11652: NA

TAGS: EGEN, YU

SUBJECT: EXIMBANK FINANCING FOR KOSOVO THERMAL POWER PROJECT

REF: STATE 048799 DATED FEBRUARY IN 1976

1. EXIMBANK HAS COMPLETED ITS REVIEW OF REQUESTS BY KOMBINAT KOSOVO AND US SUPPLIERS (WESTINGHOUSE, BABCOCK AND WILCOX AND COMBUSTION ENGINEERING) TO RECONSIDER THE PRELIMINARY COMMITMENTS (PC'S) TO SUPPORT FINANCING OF US EXPORTS FOR THE TWO 300 MW POWER PLANT UNITS IN KOSOVO (SEE REFTEL). EXIMBANK HAS AMENDED THE TERM OF ITS PC'S IN ORDER TO MAKE THE US FINANCING PACKAGE COMPETITIVE WITH THAT OF FOREIGN SUPPLIERS AND TO REFLECT CHANGED FINANCING NEEDS OF THE PROJECT. THERE WERE SEVERAL BASIC CHANGES IN TERMS WHICH SHOULD ENHANCE THE US OFFER, AND THESE ARE APPLIED IN THE SAME MANNER TO THE RESPECTIVE PC GIVEN TO EACH SUPPLIER. (CE'S BID IS COMPETITIVE WITH B&W); (A) IN ORDER TO MAXIMIZE THE PERCENTAGE OF FINANCING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 059892

WHICH WOULD CARRY A FIXED INTEREST RATE EXIMBANK HAS SUB-

STANTIALYINCREASED ITS DIRECT LOAN PARTICIPATION FROM 30 PCT TO 45 PCT. (B) CASH DOWN PAYMENT WAS REDUCED FROM 15 PCT TO 10 PCT. (C) IN ORDER TO ELIMINATE THE NECESSITY OF THE BORROWER RAISING UNGUARANTEED FUNDS UNDER THE EXIMBANK CREDIT, PARTICIPATING US BANK FUNDS WILL BE FULLY GUARANTEED UP TO 45 PCT OF TOTAL US COSTS. THIS WOULD ENABLE THE BORROWER TO MAXIMIZE THE LARGE AMOUNT OF UNGUARANTEED FUNDS IT IS ATTEMPTING TO RAISE OUTSIDE OF THE EXIMBANK CREDIT, FOR LOCAL COST FINANCING. (D) THE INTEREST RATE ON THE EXIMBANK CREDIT HAS BEEN REDUCED TO 9.25 PCT FROM THE PREVIOUS 9.50 PCT WHICH IS NORMALLY APPLIED UNDER EXIMBANK STANDARD PROCEDURES FOR THIS REPAYMENT TERM OF 15 YEARS FROM THE EXIMBANK CREDIT AUTHORIZATION DATE TO FINAL REPAYMENT. OTHER FEES AND CONDITIONS REMAIN ESSENTIALLY THE SAME AS IN THE PREVIOUS PC'S.

2. WHEN CONSIDERED AS A WHOLE, THE 15 YEAR REPAYMENT TERM (INCLUDING GRACE PERIOD OF 5 YEARS), THE INCREASED EXIMBANK PARTICIPATION, THE REDUCED CASH PAYMENT, THE 90 PCT COVERAGE OF EXPORT FINANCING AND THE REDUCED INTEREST RATE SHOULD BE REGARDED AS A HIGHLY COMPETITIVE FINANCING PACKAGE. EVEN IF INTEREST RATES OF COMPETING OFFERS FROM OTHER COUNTRIES SHOULD EMERGE AS SLIGHTLY LOWER, EXIMBANK HAS TAKEN THIS FACTOR INTO ACCOUNT IN DEVELOPING A PACKAGE WHICH IS CLOSE TO THE COSTS OF THE COMPETITION BUT ALSO IS STRUCTURED TO MEET OTHER NEEDS DESCRIBED BY THE YUGOSLAV BORROWERS AS PROBLEMS IN COMPLETING THE FINANCING FOR THIS PROJECT.

3. THE INFORMATION IN THIS MESSAGE IS ONLY TO KEEP THE EMBASSY ADVISED, SINCE US SUPPLIERS WHO ARE THE APPLICANTS FOR THE EXIMBANK PC'S HAVE REQUESTED THAT THEY BE THE PARTIES TO COMMUNICATE THE REVISED EXIMBANK SUPPORT TO THE YUGOSLAV BUYER AS PART OF THEIR NEXT COMMERCIAL PRESENTATIONS. WE UNDERSTAND THAT THE SUPPLIERS PLAN TO RESUME NEGOTIATIONS WITH THE BUYER DURING THE WEEK OF MARCH 15. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROGRAMS (PROJECTS), THERMAL POWER PLANTS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE059892
Document Source: CORE
Document Unique ID: 00
Drafter: RJALBRIGHT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760093-0905
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760366/aaaacfxb.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 48799
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2004 by ifshinsr>; APPROVED <13 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK FINANCING FOR KOSOVO THERMAL POWER PROJECT
TAGS: EGEN, EFIN, YO, US, XMB
To: BELGRADE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006